

1 HOUSE BILL 81
2 44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999
3 INTRODUCED BY
4 Luciano "Lucky" Varela
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10 AN ACT
11 RELATING TO STATE LOTTERY REVENUES; CHANGING THE FORMULA FOR
12 DISTRIBUTION OF LOTTERY NET REVENUES; DISTRIBUTING LOTTERY
13 REVENUES TO PUBLIC SCHOOLS FOR EDUCATIONAL TECHNOLOGY PURSUANT
14 TO THE TECHNOLOGY FOR EDUCATION ACT; PROVIDING FOR LEGISLATIVE
15 APPROPRIATION OF OPERATING EXPENSES OF BOARD; MAKING AN
16 APPROPRIATION.

17
18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

19 Section 1. Section 6-24-24 NMSA 1978 (being Laws 1995,
20 Chapter 155, Section 24) is amended to read:

21 "6-24-24. DISPOSITION OF REVENUE. --

22 A. As nearly as practical, an amount equal to at
23 least fifty percent of the gross annual revenues from the sale
24 of lottery tickets shall be returned to the public in the form
25 of lottery prizes.

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1 B. The authority shall transmit all net revenues
2 to the state treasurer who shall deposit [~~sixty~~ forty percent
3 of the revenues in the [~~public school capital outlay~~
4 educational technology fund for expenditure pursuant to the
5 provisions of the [~~Public School Capital Outlay~~ Technology
6 for Education Act and [~~forty~~ sixty percent in the lottery
7 tuition fund. Estimated net revenues shall be transmitted
8 monthly to the state treasurer for deposit in the funds,
9 provided the total amount of annual net revenues for the
10 fiscal year shall be transmitted no later than August 1 [~~each~~
11 of the following fiscal year.

12 C. In determining net revenues, operating expenses
13 of the lottery include all costs incurred in the operation and
14 administration of the lottery and all costs resulting from any
15 contracts entered into for the purchase or lease of goods or
16 services required by the lottery, including [~~but not limited~~
17 ~~to~~] the costs of supplies, materials, tickets, independent
18 audit services, independent studies, data transmission,
19 advertising, promotion, incentives, public relations,
20 communications, commissions paid to lottery retailers,
21 printing, distribution of tickets, purchases of annuities or
22 investments to be used to pay future installments of winning
23 lottery tickets, debt service and payment of any revenue bonds
24 issued, contingency reserves, transfers to the reserve fund
25 and any other necessary costs incurred in carrying out the

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1 provisions of the New Mexico Lottery Act.

2 D. An amount up to two percent of the gross annual
3 revenues shall be set aside as a reserve fund to cover bonuses
4 and incentive plans for lottery retailers, special promotions
5 for retailers, purchasing special promotional giveaways,
6 sponsoring special promotional events, compulsive gambling
7 rehabilitation and such other purposes as the board deems
8 necessary to maintain the integrity and meet the revenue goals
9 of the lottery. The board shall report annually to the
10 governor and each regular session of the legislature on the
11 use of the money in the reserve fund. Any balance in excess
12 of fifty thousand dollars (\$50,000) at the end of any fiscal
13 year shall be transferred to the lottery tuition fund. "

14 Section 2. Section 6-24-27 NMSA 1978 (being Laws 1995,
15 Chapter 155, Section 27) is amended to read:

16 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--
17 INDEPENDENT AUDITS.--

18 A. The board shall:
19 (1) submit quarterly and annual reports to
20 the governor, legislative finance committee and lottery
21 oversight committee disclosing the total lottery revenue,
22 prizes, commissions, ticket costs, operating expenses and net
23 revenues of the authority during the reporting period and, in
24 the annual report, describe the organizational structure of
25 the authority and summarize the functions performed by each

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1 organizational division within the authority;

2 (2) maintain weekly or more frequent records
3 of lottery transactions, including the distribution of lottery
4 tickets to retailers, revenue received, claims for prizes,
5 prizes paid, prizes forfeited and other financial transactions
6 of the authority; and

7 (3) use the state government fiscal year.

8 B. The board shall provide, for [~~informational~~]
9 budget purposes, to the department of finance and
10 administration and the legislative finance committee, by
11 [~~December~~] September 1 of each year, a copy of the annual
12 proposed operating budget for the authority for the succeeding
13 fiscal year. This budget proposal shall also be accompanied
14 by an estimate of the net revenues to be deposited in the
15 [~~public school capital outlay~~] educational technology fund and
16 the lottery tuition fund for the current and succeeding fiscal
17 years.

18 C. The board shall contract with an independent
19 certified public accountant or firm for an annual financial
20 audit of the authority. The certified public accountant or
21 firm shall have no financial interest in any lottery
22 contractor. The certified public accountant or firm shall
23 present an audit report no later than March 1 for the prior
24 fiscal year. The certified public accountant or firm shall
25 evaluate the internal auditing controls in effect during the

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1 audit period. The cost of this financial audit shall be an
2 operating expense of the authority. The legislative finance
3 committee may, at any time, order an audit of any phase of the
4 operations of the authority, at the expense of the authority,
5 and shall receive a copy of the annual independent financial
6 audit. A copy of any audit performed by the certified public
7 accountant or ordered by the legislative finance committee
8 shall be transmitted to the governor, the speaker of the house
9 of representatives, the president pro tempore of the senate,
10 the legislative finance committee and the lottery oversight
11 committee.

12 D. The legislature shall annually appropriate the
13 portion of revenues for operating expenses of the authority. "

14 Section 3. Section 22-15A-9 NMSA 1978 (being Laws 1994,
15 Chapter 96, Section 9) is amended to read:

16 "22-15A-9. EDUCATIONAL TECHNOLOGY FUND--DISTRIBUTION.--

17 A. Upon annual review and approval of a school
18 district's educational technology plan, the bureau shall
19 determine a separate distribution from the educational
20 technology fund for each school district.

21 B. On or before July 31 of each year, the bureau
22 shall distribute money in the educational technology fund
23 directly to each school district in an amount equal to ninety
24 percent of the district's estimated entitlement as determined
25 by the projected membership for the school year. A school

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1 district's entitlement is that portion of the total amount of
2 the annual appropriation that the projected membership bears
3 to the projected membership of the state. Kindergarten
4 membership shall be calculated on a one-half full-time
5 equivalent basis.

6 C. On or before January 30 of each year, the
7 bureau shall recompute each entitlement using the final funded
8 membership for that year and shall allocate the balance of the
9 annual appropriation adjusting for any over- or under-
10 projection of membership.

11 D. Any school district receiving funding pursuant
12 to the Technology for Education Act is responsible for the
13 purchase, distribution, use and maintenance of educational
14 technology.

15 E. As used in this section:

16 (1) "annual appropriation" means the sum of
17 appropriations to the educational technology fund for the
18 fiscal year and the state lottery revenues distributed to the
19 fund in the prior fiscal year; and

20 (2) "membership" means the total enrollment
21 of qualified students, as defined in the Public School Finance
22 Act, on the current roll of class or school on a specified
23 day. The current roll is established by the addition of
24 original entries and re-entries minus withdrawals. Withdrawal
25 of students, in addition to students formally withdrawn from

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1 the public school, includes students absent from the public
2 school for as many as ten consecutive school days. "

3 Section 4. REPEAL. --Laws 1995, Chapter 155, Section 38
4 is repealed.

5 Section 5. EFFECTIVE DATE. --The effective date of the
6 provisions of this act is July 1, 1999.